
Government of the District of Columbia



Department of Consumer and Regulatory Affairs

Testimony of

**Linda K. Argo
Director**

**Vending Regulation Act of 2008
Bill 17-0610**

Council of the District of Columbia

COMMITTEE ON PUBLIC SERVICES AND CONSUMER AFFAIRS

Mary Cheh, Chairperson

COMMITTEE ON PUBLIC WORKS AND THE ENVIRONMENT

Jim Graham, Chairperson

March 13, 2008

**Room 412
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004
2:00 P.M.**

Good afternoon, Chairperson Cheh, Chairperson Graham and other Councilmembers. I am Linda Argo, Director of the Department of Consumer and Regulatory Affairs. With me today is Sam Williams, the District of Columbia Vending Coordinator.

I'm here to testify today on Bill 17-610, the "Vending Regulation Act of 2008," as revised and passed as an emergency measure on March 4, 2008. I am pleased to also report on the latest progress of DC's new vending program. We appreciate all the Council's hard work in recent months to move this program forward.

Street vending is often ignored by municipalities as an insignificant part of the "informal economy" -- and is rarely regulated effectively. It wasn't until 1973 that economists began to include street vending revenues in their studies -- and even then they were classified as part of the unregulated, informal economy.

Many cities continue to try to simply outlaw street vending altogether, only to find themselves saddled with a low-priority enforcement nightmare. The District was considered a pioneer when it first encouraged and attempted to regulate vendors, more than 30 years ago. We believe that the District has found the correct balance of opportunity and oversight that has saved DC from the failures other cities have experienced.

There will always be street vendors no matter what their legal status. Our goal is to ensure their compliance with regulations. At DCRA, we often say that the best regulations are the ones that make it more beneficial to comply than not to comply. So we thank you for joining us in taking a first step toward crafting new legislation and regulations that offer easy avenues to compliance -- to ensure that street

vendors have every opportunity to join the formal economy, conduct business safely, and grow their businesses.

Our initial research found fatal flaws in existing regulations that endangered the public and the vending community. Where everyone knew and competed for the best sites, “might made right” – and dreams of many small business owners withered when they were threatened with violence.

Under the old approach to vending regulation, the criminalization of vending infractions was hard to oversee and didn’t work; and the special police unit that oversaw these activities was ultimately dissolved.

We knew we needed a change.

As we’ve taken the steps I’ll describe, we’ve seen hundreds more street vendors in the Basic Business License Center – coming to start a small business, add visibility to, or rekindle a vending business.

We knew, when we began this transformation, that we had to create an open and transparent process involving all stakeholders: to address the needs of vendors and the public. DCRA’s mission is to protect the safety and health of all DC residents, businesses, and visitors. So the first mission of the new vending program was to address the safety issue. We also needed to incorporate both civil and criminal enforcement options.

To replace the de facto “might makes right” model that had evolved, we researched other municipalities’ best practices. We concluded that we needed a site permitting approach to keep vendors safe.

In the past, vending enforcement was done by Metropolitan Police Department officers, whose job was made extremely difficult; they never knew where vendors might show up – because they had no assigned spots.

The new site permit acts as a business address; it lets regulatory agencies oversee street vending as we would any other business.

And because street vendors could only be sole proprietor businesses, they couldn’t hire employees to help them run and expand their businesses. Even to use a restroom, an owner had to shutter his or her business -- and risk being ticketed for leaving an unattended stand in public space. Any MPD ticket, for this “offense” or others, was classified as a criminal offense on the street vendor’s record, and an unpaid ticket could result in arrest.

These small-business-killing regulations and Draconian enforcement methods can now be abandoned. As the license and permit regulator, DCRA can now allow vendors to hire workers for their businesses. DCRA can now assume primary responsibility for licensed vendor compliance and enforcement and keep regulatory infractions in civil court.

As we move forward, we still have several sensitive issues to work through. We’re sitting down with over 10 different vending groups, old and new, to discuss the cost of administering this permitting process and resulting appropriate fees for

vending sites. We hope we'll be able to work with the vending community to establish fees that will give them adequate resources to serve and protect them and their small business status. Again: our goal is to charge a site fee that meets the budgetary needs of the program and nothing more. Most of the vending community has embraced this model.

These ideas are not new. They're the culmination of over 150 hours of comprehensive discussions with all DC vending groups. The discussions continue toward our goals:

- government requires a program that is safe and enforceable
- brick-and-mortar businesses want attractive and safe streetscapes
- vendors want the greatest opportunity at the smallest cost, and
- the public wants great street vending

We're continuing to reach out and educate. Many veteran street vendors and heard about the changes on our website, in the press and at our multiple vendor orientation sessions last year.

- Thanks to our Department of Health colleagues' leadership, the District's Food Code now allows vendors to sell all types of foods. (We've posted the new DOH forms and instructions at dcra.dc.gov.)
- In partnership with the Enhanced Business Information Center (E-BIC), we surveyed the public to learn what kind of vending interested potential customers. Of nearly 500 respondents in a little over a week, 82 percent said

they'd spend more money at a street vendor if there were greater variety in offerings. The survey results are posted on our site.

- We worked with DOH and E-BIC to create a class at the MLK Library, just for hot dog vendors: *You Don't Have To Sell Hot Dogs*. We're working to offer this class at the food vendor depots.
- With the Department of Small and Local Business Development, we helped create a micro-loan program that will help small businesses get vital start-up capital from a responsible lender.

Through our open door policy and visits to vendor sites, we've learned that they're overwhelmingly in favor of the changes we've made. Since small businesses often look to their licensing agency for more than licenses, we're proud of our above-and-beyond response.

Lastly, we're proud to report that we're bringing new DC business income into the market. In the past, only 30 percent of the vendors were DC residents; most of the cash was leaving our borders the day it was earned. Through our Vendor Fair and 10 vendor orientations throughout the District -- in Amharic, Chinese, English, Korean, Spanish, Vietnamese, and American sign language -- we've increased the proportion of DC resident-participants to over 60 percent.

Street vending is one of the last real opportunities for small businesses to get footholds in the Central Business Zone and other popular neighborhoods. It's our hope that street vending remains a true small business incubator that gives street vendors the opportunity they have never had before -- a chance to have rights to

their locations and the real potential to expand to other locations and maybe someday get storefronts of their own.

We can tell we must be on the right track: we're now getting queries from jurisdictions ranging from Prince Georges County to New York City to Jakarta, Indonesia, which have taken note of our safe business incubation innovations.

As we move to make this legislation permanent, we're conscious of the limitations in the emergency bill passed last week – especially on our ability to treat vendors fairly, if their long-time sites become unusable. As you well know, DC's streetscape is dynamic and ever-changing, as buildings go up and get renovated or are razed.

Flexibility in vendors' relocations, as near as possible to their old sites, is critical. We need to be able to provide vendors new sites *within the ward* when that happens – after, of course, including community input to make the move beneficial for all parties.

Parts of emergency legislation will restrict our authority to identify new spaces and to move vendors to alternate sites, as necessary. This could potentially displace up to 50 long-time vendors who served us throughout the lean years – from the downtown neighborhoods where their customers are used to finding them.

Therefore, while the Executive applauds and supports the tenets of the new Vending Regulation Act, we urge reevaluation of the limitations on vendor relocation included in the emergency bill.

Chairperson Cheh and Chairperson Graham, thank you for giving us an opportunity to testify on this important issue. My staff and I are prepared to answer your questions.